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# ftc consumer feature

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Bureau of Consumer Protection

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## Deposit Check, Forfeit Cash: The New Twist in Phony Prize Promotions

Imagine getting a phone call announcing that you've won \$125,000 in a Canadian sweepstakes. You're told that a cashier's check for \$25,000 – the first installment on your winnings – is in the mail, but that you won't have to pay the fees and taxes on your prize until you've deposited the check in the bank.

It's the latest twist on an old scam, says the Federal Trade Commission, and it's cheating some consumers out of thousands of dollars each.

According to Steven Baker, director of the FTC's Midwest Region, the cashier's checks, supposedly issued by the Bank of Montreal, are counterfeit. "Then, when the recipients or their bank officers call the phone number on the checks for verification," he says, "there's a fraudster on the other end of the line verifying the check in a performance that's worthy of an Academy Award."

That leads consumers to deposit the checks, and send the sweepstakes company the fees. But Baker says, because the fees can range from \$1,000 to \$10,000, some consumers borrow that money against their so-called prize. It's not until several weeks later, when the cashier's check doesn't clear, that the consumers find out the phone line's been disconnected and the checks were phony.

In a variation on this scam, he says, consumers are notified that they've won even more money, and told that if they pay \$12,500 in fees to the sweepstakes company in advance, they can reduce the taxes they'll owe on their winnings. The consumers receive a lower-value cashier's check, deposit it, and send their fee, before they find out that the check they've deposited is counterfeit.

Baker says this scam is so cleverly disguised that it fools even seasoned banking officials. "Consumers who might otherwise be skeptical feel confident because they're not required to send any fees to the sweepstakes company until they deposit their 'prize,'" he says. But he and other FTC officials say there's a tip-off to this prize promotion rip-off: Legitimate sweepstakes never require winners to pay fees to get their prize. "If you have to pay for a prize, it's not a prize," he says.

Consumers who believe they have been victimized by fraudulent prize promotion offers should contact the FTC toll-free at 1-877-FTC-HELP (1-877-382-4357) or use the complaint form at [www.ftc.gov](http://www.ftc.gov). Those who receive a cashier's check issued by the Bank of Montreal also can call the Canadian PhoneBusters hotline toll-free at 1-888-495-8501.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, **1-877-FTC-HELP** (1-877-382-4357), or use the complaint form at [www.ftc.gov](http://www.ftc.gov). The FTC enters Internet, telemarketing and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.